# **BOARD OF PUBLIC UTILITIES**

Service	Conne	ctions
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N.J.A.C. 14:18

**Proposed Amendments:** N.J.A.C. 14:3-8, N.J.A.C. 5-2.1, N.J.A.C. 6-3.1, N.J.A.C. 9-2.1 and

Authorized By: Board of Public Utilities, Jeanne M. Fox, President, Frederick F. Butler,

Connie O. Hughes and Jack Alter, Commissioners.

Authority: N.J.S.A. 48:2-13, N.J.S.A. 48:2-16; N.J.S.A. 48:2-27, 48:2-23; N.J.S.A.

48:5A-36, and N.J.S.A. 48:5A-10

Calendar Reference: See Summary below for explanation of exception to

calendar requirement.

BPU Docket Number: CX05030218 and AX05030217

Proposal Number: PRN 2005-

Submit comments by July 1, 2005 to:

New Jersey Board of Public Utilities

Kristi Izzo, Secretary

ATTN: BPU Docket Number: CX05030218 and AX05030217

Two Gateway Center

Newark, New Jersey 07102

A public hearing on the proposal will be held at 10:00 a.m. on June 7, 2005 at:

New Jersey Board of Public Utilities

Board Hearing Room

2 Gateway Center, 8<sup>th</sup> Floor

Newark, New Jersey 07102

The agency proposal follows:

#### Summary

On November 16, 2004, the Board of Public Utilities (Board) adopted a set of rules, Board Docket No. AX 03120973, to ensure that its programs reflect the smart growth policy goals of the State. The rules appeared in the New Jersey Register on December 20, 2004 at 36 N.J.R 5928. The amendments and new rules govern the responsibility borne by regulated entities for the costs of certain investments in infrastructure, based on whether the development served by the infrastructure is in an area designated for growth under the State Development and Redevelopment Plan (State Plan). The adoption was the culmination of an almost yearlong process; the Board had proposed the rules on January 20, 2004, at 36 N.J.R. 276(a), after which the Board held a public hearing on March 2, 2004, and a set of six stakeholder meetings during the summer of 2004.

During the adoption process, the Board determined that it did not have sufficient time to consider the myriad issues as it pertained to the state's cable television operators and how the State Plan and the Board's Smart Growth rules would affect them. Therefore, the Board adopted the Smart Growth rules as they applied to other regulated entities under its aegis but deferred consideration for the State's cable television companies. As noted above, adoption of the matter occurred on November 16, 2004 with publication in the New Jersey Register on December 20, 2004. Upon further review of the matter, the Board decided that while the Board's Smart Growth rules should apply to all cable television companies in the State, there were issues that needed to be resolved that the Board could not consider within the required one year time frame (by January 20, 2005). In addition, because what the Board proposed was substantive, the Board determined it would have to repropose the amendments to its Regulations of Cable Television, N.J.A.C. 14:18.

As noted in the original proposal and the adoption notice, because cable television is rate regulated subject to Federal Communications Commission ("FCC") regulations and not Board rules except as allowed by the FCC, the Board cannot automatically apply the formulae contained in N.J.A.C. 14:3-8 to the State's cable television operators. The Board proposes to amend both N.J.A.C. 14:3-8, Extension of Service rules, to apply the rules to cable television companies and N.J.A.C. 14:18, Regulations of Cable Television, to specifically incorporate the smart growth extension rules into any new or renewed municipal consent.

Further, the Board is proposing amendments to its rules at N.J.A.C.14:5-2.1; 6-3.1; and 9-2.1 ("Service Connection Rules") because they conflict with the Board's Extension of Service rules at N.J.A.C. 14:3-8. The Board's Service Connection rules require energy and water regulated entities to provide a limited amount of service connection to their customers at no cost, while the Extension of Service rules limit the financial contribution that a regulated entity

may make towards a customer's service connection based upon whether the location of the extension is in a growth or non-growth area. The Board is instituting this rulemaking process to ensure that both regulated entities and customers understand that the provisions of the Extension of Service rules should be followed in all circumstances.

As the Board has provided a 60-day comment period on these proposed amendments, the proposed amendments are exempted from the rulemaking calendar requirements set forth at N.J.A.C. 1:30-3.1 and 3.2, pursuant to N.J.A.C. 1:30-3.3(a)5.

# **CHAPTER 3. ALL UTILITIES**

#### SUBCHAPTER 8. EXTENSIONS TO PROVIDE REGULATED SERVICES

# 14:3-8.1 Scope and applicability

Subsection (d) currently provides that N.J.A.C. 14:3-8 does not apply to cable television companies. It is proposed to be amended to provide that Subchapter 8 would apply to cable television companies. However, as noted below, in the summary and proposed rule revisions for N.J.A.C. 14:18-3.2 and -11.2, cable television operators would only be expected to comply with N.J.A.C. 14:3-8.1, -8.2 through -8.5, -8.6(b), -8.8 and -8.13 as it applies to extension of service to non-growth areas, the general sections, limitations and compliance of the Smart Growth rules and planning areas.

# 14:3-8.2 Definitions

This section sets forth definitions of terms used in subchapter 3. It is proposed to be amended to provide that for cable television service, the extension ends at the pole or pedestal nearest the customer's property once the extension is completed. In addition, any infrastructure

costs not included in the extension and necessary for the installation are the responsibility of the customer in accordance with the company's tariff on file with the Board.

# **CHAPTER 5 ELECTRIC SERVICE**

# SUBCHAPTER 2 SERVICE

# 14:5.2-1 Service connections; electric

Amendments are proposed which would eliminate this section. Currently, subsection (a) requires electric utilities to provide customers with at least 150 feet of overhead service connection at no cost, if there is no pole or structure involved, while subsection (b) requires electric utilities to provide customers with no more than 30 feet of underground service at no cost. The Board has determined that this section may cause confusion for customers and utilities because the Extension of Service rules, at N.J.A.C. 14:3-8, address whether a regulated entity may contribute financially to an applicants request for an extension of service.

Accordingly, the Board deems it necessary to eliminate N.J.A.C. 14:5.2-1.

# **CHAPTER 6 GAS SERVICE**

#### **SUBCHAPTER 3 SERVICE**

# 14:6-3.1 Service connections; regular customers

This section requires gas utilities to provide customers, at no cost, up to 50 feet of service connection. The Board has determined that this section is no longer necessary because the Extension of Service rules, at N.J.A.C. 14:3-8, adequately addresses whether a regulated entity may contribute financially to an applicants request for an extension of service. Accordingly, the Board has proposed to eliminate this section.

#### **CHAPTER 9 WATER**

# **SUBCHAPTER 2 SERVICE**

#### 14:9-2.1 Service connections

This section requires water utilities to provide customers with a specific amount of service connection at no cost. However, since the Extension of Service rules, at N.J.A.C. 14:3-8, adequately address whether a regulated entity may financially contribute to an applicants request for an extension of service, the Board has decided to eliminate this section.

### **CHAPTER 18. REGULATIONS OF CABLE TELEVISION**

# SUBCHAPTER 3 CUSTOMER RIGHTS

# 14:18-3.2 Requests for service

Amendments are proposed to N.J.A.C. 14:18-3.2 to add (g) which mandates how cable television operators must handle extension of service requests. The Board proposes to amend this section to provide that in areas not designated for growth as defined at N.J.A.C. 14:3-8.2, any extension of service performed by a cable television company under a Certificate of Approval or Renewal Certificate of Approval for which an ordinance was issued after the effective date of the amendments proposed herein will be performed in accordance with the provisions of N.J.A.C. 14:3-8 et seq., which in general require that, in non-growth areas a cable television operator not absorb any cost for any extension of service. The Board has determined that cable television operators should fall under the Board's smart growth rules as proposed herein and therefore has incorporated those rules to apply to cable television operators accordingly. However, recognizing that a cable television operator must within its application (on which the municipality bases its municipal consent) indicate how extension of service shall be performed, the Board believes it is reasonable, at this time, to allow municipalities that have

issued or renewed municipal consent prior to the adoption of the new rules and amendments to require cable television operators to abide by the commitments negotiated and incorporated in the municipal consent ordinance until that municipal consent ordinance expires.

The Board also proposes to add new N.J.A.C. 14:18-3.2(h) to specify how cable television operators must provide service in designated growth areas as defined at N.J.A.C. 14:3-8.2. In those areas, it is proposed that a cable television operator must provide service to all customers in accordance with the cable television company's tariff on file with the Office of Cable Television or in accordance with a municipal consent ordinance approved by the Board. In the original proposal, the Board proposed to require the State's cable television operators to provide service to all smart growth areas at no cost beyond standard and non-standard installation. Arguments were made that this approach was unfair to the cable television industry because it treated them differently from other regulated entities. According to the rules, the other regulated entities are permitted to provide service in smart growth areas in accordance with their tariffs or with negotiated agreements. In the proposal, at 36 N.J.R. 278, the Board stated that "if an extension to serve a designated growth area is reasonable, practicable and other conditions are met, the regulated entity shall bear the entire cost of the extension, in accordance with N.J.S.A. 48:2-27, and case law interpreting this statutory provision. Second, if the extension does not meet these criteria, the regulated entity and the applicant for the extension may reach an agreement regarding cost. Finally, failing such agreement, either party may petition the Board to apply the suggested formula set forth in proposed N.J.A.C. 14:3-8.10 or 8.11. The parties may also apply the formula without Board intervention." The Board finds that its proposal to require cable television operators to provide service to all customers within a smart growth area at no cost beyond standard and non-standard installation rates could have been construed to be unfair to the cable television industry. In addition, the Board does not believe that all cable television customers should subsidize construction of cable television plant

in smart growth areas, which could be very costly in areas where no cable television plant exists such as in some industrialized sections especially where only one entity requests service.

Therefore, the re-proposal has taken this into consideration and allows cable television operators to provide service in accordance with its filed tariffs or in accordance with a negotiated municipal consent ordinance approved by the Board.

#### SUBCHAPTER 6. RECORDS

# 14:18-6.2 Plant and operating records

The Board proposes to amend this section, which requires cable television operators to maintain certain information, to require that cable television operators provide the information proposed in N.J.A.C. 14:3-6.2, which in general would require regulated entities to submit to the Board data identifying the boundaries of its service territory and growth areas within its service territory. Guidance will be provided on the Board's website (<a href="www.bpu.state.nj.us">www.bpu.state.nj.us</a>). Cable television companies would also be responsible for keeping records of advance payments and total expenditures for extensions, which would be available for review by Board staff.

# SUBCHAPTER 11. APPLICATION BY CABLE TELEVISION COMPANIES FOR MUNICIPAL CONSENT

# 14:18-11.2 Application for municipal consent to operate a cable television system

The Board proposes to amend this section, which specifies, at a minimum, what a cable television operator must include in its application for municipal consent filed with a municipality.

The Board proposes to add a phrase to (a)6i to require a cable television operator to provide a

statement that it will abide by the terms of N.J.A.C. 14:3-8, specifically N.J.A.C. 14:3-8.1 through 8.6 and 8.8, governing any future extensions of service. In general, the Board will expect cable television operators to provide service in accordance with N.J.A.C. 14:18-3.2, as proposed to be amended, for smart growth areas and in accordance with the above provisions of N.J.A.C. 14:3-8 for non-smart growth areas. The Board believes this will address concerns raised in comments received on the prior proposal, found at 36 N.J.R. 277, in which the cable television industry commented that the proposed rule did not provide enough guidance on how N.J.A.C. 14:3-8 would apply to cable television operators because the Board has stated that the formula for smart growth areas do not apply to cable television companies.

# **Social Impact**

The amendments proposed herein are expected to have a beneficial social impact especially on the citizens and resources of the state. Smart Growth is a policy that is aimed at maximizing the use of public resources, including tax dollars, land and natural resources, investments in the built environment, and social and cultural institutions. It is also designed to minimize the negative impact of human development on these public resources. Over the past half-century, development patterns in New Jersey have resulted in a loss of human and financial capital, from urban and existing suburban areas, to the rural fringe of new development. This development pattern is commonly referred to as urban sprawl. The consequences of urban sprawl include:

- Severe traffic congestion caused by poor planning;
- Diminishing housing options as more urban areas and older suburbs become undesirable due to disinvestments and decay;

- Significant environmental impacts such as wildlife habitat fragmentation, vehicle air pollution, water pollution, loss of open space, and increased energy consumption;
- High local and state taxes and cost of public services, due to the infrastructure-intensive nature of urban sprawl;
- Loss and fragmentation of farmland, which threatens the way of life for agricultural communities;
- Segregation and fragmentation of society by race and class as poor and minority communities are left to deal with the aftermath of urban disinvestment;
- A diminution of our public and cultural institutions, which are primarily centered in urban centers that are designed to enable people to gather and interact.

These impacts have been well described in the New Jersey State Planning Act, N.J.S.A. 52:18A-196, which called urban sprawl one of the greatest threats to the future of the State of New Jersey.

The Board, like most government agencies, has unintentionally supported urban sprawl development by compelling regulated entity rate payers to subsidize the cost of providing new infrastructure in all areas of the state; regardless of whether this development had a positive or negative overall impact on the wellbeing of New Jersey residents and ratepayers.

The solution to urban sprawl is Smart Growth, which is characterized by well-planned, human-friendly, compact development that maximizes existing public investments and minimizes environmental and social impacts.

New Jersey's mechanism for achieving smart growth is the New Jersey State

Development and Redevelopment Plan (State Plan). The State Plan was mandated by the

State Planning Act and is created through a democratic and open cross-acceptance process
that determines how and where public investments should be made to achieve smart growth.

# **Economic Impact**

The proposed amendments to N.J.A.C. 14:3-8 and N.J.A.C. 18 impose new technical, operational and reporting requirements on cable television operators. Thus, it has some additional impact on operating costs, which may be, to the extent permitted under the proposed amendments passed on to the customer, through rate adjustments.

There is also a potential for an economic impact on land developers, businesses and individuals in areas that are not designated as growth areas. In these areas, the developer or individual would be required to pay the entire amount of the cost of construction of the necessary utility and infrastructure cost for the development. The Board believes that it is appropriate for those choosing to develop in areas not designated for growth to bear the full cost of infrastructure needed to serve the development.

However, in areas not designated for growth, a cable television operator might benefit from the proposed amendments insofar as they would not be required to absorb any costs for extension into the areas not designated for growth that might not be economical for them but where up until this point, they were required to do so.

In addition, the proposed amendments to N.J.A.C. 5-2.1, 6-3.1, and 9-2.1 are not expected to have any economic impact upon the state because the Board has already promulgated its Extension of Service rules which govern the financial relationship between regulated entity and customer for providing extensions of service in both growth and non-growth areas.

# **Federal Standards Statement**

Executive Order No. 27 (1994) and N.J.S.A. 52:14B-1 et seq. require State agencies that adopt, readopt or amend State regulations that exceed any Federal standards or requirements to include in the rulemaking document a Federal Standards Analysis. The proposed amendments are not promulgated under the authority of, or in order to implement, comply with or participate in any program established under Federal law or under a State statute that incorporate or refers to Federal law, Federal standards or Federal requirements. Accordingly, Executive Order No. 27 (1994) and N.J.S.A. 52:14B-1 et seq. do not require a Federal standards analysis for this proposal.

# **Jobs Impact**

The Board does not anticipate that the proposed amendments will have an impact on employment, because the amendments do not amend a company's obligation to extend its infrastructure, but rather sets forth how extensions to cable television plant are performed and who pays for those extensions. In addition, the anticipated cost to the developer for projects in the areas not designated for growth should not prevent the development from taking place.

Accordingly, the Board anticipates that the proposed amendments will not cause an increase or decrease to jobs within the state.

# **Agriculture Industry Impact**

The Board believes that the proposed amendments will have no impact on the agriculture industry.

# **Regulatory Flexibility Analysis**

The amendments to N.J.A.C. 14:3-8 and 14:18 will not affect any small businesses as defined under the Regulatory Flexibility Act, N.J.S.A. 52:14B-16 et seq. to which the proposed amendments would apply. The businesses affected by the amendments to N.J.A.C. 14:3-8 and 14:18 have more than 100 full-time employees and/or are based out of state, while the proposed amendments to N.J.A.C. 14:5-2.1, 6-3.1 and 9-2.1 will not impose reporting, record-keeping, and compliance requirements on any small businesses.

# **Smart Growth Impact**

The Board anticipates that the proposed new rules and amendments will have a positive impact on the achievement of smart growth and the implementation of the State Development and Redevelopment Plan (State Plan). The State Plan is intended to "provide a coordinated, integrated and comprehensive plan for the growth, development, renewal and conservation of the State and its regions" and to "identify areas for growth, agriculture, open space conservation and other appropriate designations." N.J.S.A. 52:18A-199a. Smart growth is based on the concepts of focusing new growth into redevelopment of older urban and suburban areas, protecting existing open space, conserving natural resources, increasing transportation options and transit availability, reducing automobile traffic and dependency, stabilizing property taxes, and providing affordable housing." The Board has proposed the rules enumerated herein to help achieve the stated goal of fostering development and redevelopment in the areas of the State that have been designated for growth.

**Full text** of the proposed amendments follows (additions indicated in boldface <u>thus;</u> deletions indicated in brackets [thus]):

# **CHAPTER 3. ALL UTILITIES**

#### SUBCHAPTER 8. EXTENSIONS TO PROVIDE REGULATED SERVICES

# 14:3-8.1 Scope and applicability

- (a) (c) No change.
- (d) This subchapter applies to extensions made by all regulated entities, as those terms are defined at N.J.A.C. 14:3-8.2, except that:
- 1. This subchapter [does not apply] <u>only applies</u> to cable television companies <u>in the following</u> <u>manner. Cable television companies shall comply with the provisions of N.J.A.C. 14:3-8.1, -8.2 through -8..5, -8.6(b), -8.8 and 8.13 only; and</u>
- 2. This subchapter does not apply to a portion of an extension that is regulated by the Federal Energy Regulatory Commission (FERC).
- (e)-(h) No change.

### 14:3-8.2 Definitions

In addition to the definitions at N.J.A.C. 14:3-1.1, the following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise:

. . .

"Extension" means the construction or installation of plant and/or facilities by a regulated entity to convey service from existing or new plant and/or facilities to one or more new customers, and also means the plant and/or facilities themselves. This term includes all plant and/or facilities for transmission and/or distribution, whether located overhead or underground, on a public street or right of way, or on a private property or private right of way, including the wire, poles of supports, cable, pipe, conduit or other means of conveying service from existing plant and/or facilities to each unit or structure to be served, except as excluded at 1 through 6 below. An extension begins at the existing infrastructure and ends as follows:

1. - 5. (No change)

6. For cable television service, the extension ends at the pole or pedestal nearest the customer's property once the extension is completed. Any infrastructure costs not included in the extension and necessary for the installation are the responsibility of the customer in accordance with the company's tariff on file with the Board.

# **CHAPTER 5 ELECTRIC SERVICE**

# SUBCHAPTER 2 SERVICE

# [14:5.2-1 Service connections; electric

(a) In areas not specifically designated as "underground zones" each electric utility shall supply without cost to the customer at least 150 feet or more if no pole or structure is involved of overhead service connection as measured from the curb line nearest to the customer's facilities. Where the customer desires an underground service connection such facilities shall be provided, installed and maintained at the customer's sole cost and expense.

(b) In areas specifically designed as "underground zones" each electric utility shall supply

without cost to the customer not more than 30 feet of underground service connection as

measured at right angles to the curb nearest the point of service connection to the customer's

facilities provided that an electric utility shall not be required to supply a service connection in

whole or in part under or within a building.

(c) If the length of service connection exceeds the amount mentioned in (b) above, the customer

may be required to pay for the cost of such excess.

(d) No utility shall be required to install service for a single phase motor having a rating greater

than five horsepower.]

Recodify existing 14.5-2.2 - 2.7 as 14.5-2.1 - 2.6. (No change in text.)

**CHAPTER 6 GAS SERVICE** 

**SUBCHAPTER 3 SERVICE** 

[14:6-3.1 Service connections; regular customers

Each gas utility shall furnish and place, at no cost to the customer, up to 50 feet of service

connection, measured at right angles from the nearest curb line to the customer's building, at

the point of service entrance designated by the utility. Where the distance is in excess of 50

feet, the service pipe will be installed subject to a charge equal to the amount by which the cost

of the service connection exceeds the greater of either 1/2 of the customer's annual revenue as

estimated by the utility or the cost of the first 50 feet of service connection which otherwise

would be furnished without charge as provided above. Should the customer request a service entrance at a location other than that designated by the utility, the customer shall pay the additional cost associated with said change in point of service entrance provided that the customer shall not be required to pay for the first 50 feet of service connection in any case and, provided further, that the customer shall not be required to pay for any portion of the cost of the service connection if the cost thereof does not exceed 1/2 of the estimated annual revenue. The utility will waive the charge to the customer when the amount is \$5.00 or less.

# **EXAMPLE**

	1st case	2nd case	3rd case
Length of Service Connection	75 feet	75 feet	75 feet
Cost per foot	\$10.00	\$10.00	\$10.00
Cost of Service Connection	\$750.00	\$750.00	\$750.00
Cost of 50 feet of Service			
Connection, Free 50 feet x	\$500.00	\$500.00	\$500.00
1/2 of Customer's Annual Revenue	\$150.00	\$625.00	\$750.00
Cost to Customer	\$250.00	\$125.00	\$0]

Recodify existing 14:6-3.2 - 3.15 as 14:6-3.1 - 3.14. (No change in text.)

# **CHAPTER 9 WATER**

**SUBCHAPTER 2 SERVICE** 

# [14:9-2.1 Service connections

version, the official version will govern.

(a) Upon making service connections, the tapping of the main shall be done; and the curb cock

and couplings, the service lines from main to curb, and curb box and/or the connection to the

collecting main and the service from the collecting main to the curb, shall be furnished by the

utility or its agent at the expense of the utility. The exact cost of the remainder of the service

connection shall be paid by the customer, and the said remainder shall be placed by the

customer or by agreement between the customer and the utility, by the utility or its agent;

provided, however, that if placed by the customer it shall conform to reasonable specifications

prescribed by the utility.

(b) Whenever a connection from main to curb is made through which regular service is not

immediately desired, except during the course of construction, the customer shall bear the

entire expense of making the connection but shall be entitled to a refund for such part of the

cost as the utility is hereinbefore required to assume whenever regular service is begun within

10 years of the installation of the connection.]

Recodify existing 14:9-2.2 - 2.4 as 14:9-2.1 - 2.3. (No change in text.)

**CHAPTER 18 REGULATIONS OF CABLE TELEVISION** 

**SUBCHAPTER 3 CUSTOMER RIGHTS** 

14:18-3.2 Requests for service

(a) - (f) No change.

(g) In an area not designated for growth, as defined at N.J.A.C. 14:3-8.2, any Certificate of Approval or Renewal Certificate of Approval to a cable television company for which an ordinance was issued after {the effective date of these rules} shall include provisions ensuring compliance with N.J.A.C. 14:3-8, more specifically with the provisions of N.J.A.C. 14:3-8.1, 8.2 through -8.5, 8.6(b), -8.8 and 8.13.

(h) In a designated growth area, as defined at N.J.A.C. 14:3-8.2, any Certificate of Approval or Renewal Certificate of Approval for which an ordinance was issued after {the effective date of these rules} shall specify that a cable television company shall provide service in accordance with its tariff on file with the Office of Cable Television or in accordance with a municipal consent ordinance as approved by the Board.

#### SUBCHAPTER 6. RECORDS

# 14:18-6.2 Plant and operating records

- (a) (b) No change.
- (c) Each cable television operator shall comply with the requirements for record keeping and reporting set forth at N.J.A.C. 14:3-6.2.

# SUBCHAPTER 11. APPLICATION BY CABLE TELEVISION COMPANIES FOR MUNICIPAL CONSENT

#### 14:18-11.2 Application for municipal consent to operate a cable television system

(a) Every application for a consent shall be submitted on a standard form supplied by the Office, which form shall include, but not be limited to, the following information:

1. - 5. (No change.)

- 6. Rates for television reception service:
  - i. Installation of service, including a statement that the applicant shall comply with N.J.A.C. 14:3-8, more specifically with the provisions of N.J.A.C. 14:3-8.1, 8.2 through -8.5, 8.6(b), -8.8 and 8.13, regarding extension of service;

ii.- iii. (No change.)

7. - 8. (No change.)